Feb. 19, 2003

Country of Origin Labeling Program
AMS, USDA STOP 0249
1400 Independence Ave. SW
Washington, DC 20250-0249

To Whom It May Concern:

I am in FAVOR of Country of origin labeling ONLY AS PROPOSED by the enclosed resolution passed Feb. 11, 2003 by the South Dakota Stockgrowers – copy enclosed, P. 11, KCA News.

I am also EXTREMELY MAD at the USDA (ONCE AGAIN) for the grossly misleading report as to the projected cost of COOL – copy of explanation enclosed, P. 7 KCA News.

Its WAY PAST TIME for the USDA to be STOPPED from putting out reports which are damaging to grain and livestock producers: in addition to the ridiculous COOL cost report, another prime example of damaging reports is my Feb. 9, 2003 Hutchinson News letter pointing out 4 USDA releases which led to a massive 30% drop in wheat prices in a recent 60 day period.

Stopping the USDA from providing the MISLEADING and PRICE-DEPRESSING reports may very well be ANOTHER goal for the organizations which are truly representing producers best interests.

Sincerely, Doug Wildin

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KCA NEWS

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Do you know the facts on COOL? Look inside!

LET'S PLAY CARDS

Let's say, just for the heck of it, I told you I wanted all of the spades in a deck of cards separated from all the rest of the cards and, for the sake of discussion, that I wanted all of the spades in order from Ace to King. If you had been using the deck for a while you would have to go through all the cards and remove all of the spades. Then you would have to fan the cards out in your hand and begin putting them in order. This procedure would take a while but you could accomplish the task. Now, had I told you before you opened a new box of cards that I wanted you to take all of the spades out and place them in order from Ace to King, would you shuffle the deck first? I think not, you would have opened the box fanned through the cards until you found the first spade and thirteen cards later you would have all the spades and they would be in order. Pretty simple to do if you knew what was expected before you shuffled the deck.

Now, let's look at country of origin labeling (COOL). We are currently playing with a shuffled deck. All imported products come into the USA in a new box (or truck), we unload it and shuffle it in the plant, feed yard, on grass, or what ever, and then say "how are we ever going to sort it out". The USDA has said it's going to take, oh some where around $1 billion just to sort them out and put them in order in the plants and supermarkets. Also a government agency has said, now that you have mixed the imports you will not only have to identify the imports (spades) but, just to be sure, you will have to identify and prove origin on all beef (hearts, diamonds, and clubs).

Now I may be a bit simple minded, but it appears to me that if we never shuffle the deck in the first place, things will be a lot simpler. If I know before cattle or beef come into the USA that I am going to have to keep it separated and provide proof that I have, my best bet is not to shuffle it with anything else. This does not mean that I can't buy it, feed it, process it, cook it, sell it, or yes even blend (shuffle) it, but it would be pretty simple to trace it this way. Moreover, if it is handled this way, why do I have to prove that all other cattle originated and remained in the USA? The burden of proof should fall on the countries that want access to our markets or the importer that feels it needs to be brought in.

I would like to know where my food comes from. Most consumers, you might say, don't care. I believe that is because they assume it all comes from the USA. Give them a choice and I believe we can compete quite easily. After all, we have the safest and best product in the world but the cost to make it that way, to me it is well worth it. Give me the opportunity to distinguish my product from that of Canada, Australia, New Zealand, Brazil, Argentina, Nicaragua, Costa Rica, Mexico, Uruguay, and the other sixteen or so countries that we currently import from. COOL will give us that opportunity.

COOL: MYTHS AND FACTS

In recent months, much discussion and speculation have focused on the costs, implementation, and requirements for country of origin labeling (COOL). In an attempt to dispel the misinformation surrounding COOL, Danni Beer of Keldron, SD, Chairman of the R-CALF USA COOL Committee and R-CALF USA President Leo McDonnell of Columbus, MT, have provided the following answers to many concerns.

Myth: COOL will cost the cattle and beef industry $2 billion.

Fact: Although several beef industry groups have propagated this statement, it is simply not true. Unfortunately, USDA's estimate included all 2 million farmers and ranchers in the United States. However, many of these operations do not raise the covered commodities included under COOL. USDA's report also estimated that each producer (again all 2 million) would spend 20 hours the first year to establish a record keeping system; but, over 90 percent of U.S. ranchers and farmers do not handle imported product. Obviously, certification for such non-importing operations would require very little record keeping. Probably even more important, USDA's estimate assumed that there were no tracking mechanisms in place for processors, wholesalers, etc. However, as is widely known, the industry already has tracking and segregating systems in place for existing branded products and quality grade products. Sorting Canadian or Mexican carcasses off the line will be no more difficult than sorting Certified Angus Beef, Certified Hereford Beef, Select, Choice, or Primes. In fact, it is well known that a vast majority of imported cattle will be processed in load lots or larger, thus costing less than is the case with quality grades or breed programs where the carcasses are already commingled on line. USDA already has a Domestic Origin Verification Program in place. More importantly that program has already been tested and proven effective as it is used to verify the domestic origin of meat used in federal programs that require meat be from animals derived from United States produced animals.

Myth: USDA costs are underestimated (an allegation made by some retailers and packers).

Fact: Analysis reported by USDA-FSIS on labeling costs for the "mandatory safe handling statements on labeling raw meat and poultry" which was implemented in 1994 showed costs for labeling averaged about $0.005 per 3 lb. package. The analysis also stated, that at the wholesale level, due to the larger unit size, costs would probably be even less. Also, it is important to note that technology has improved since 1994 and so have tracking mechanisms. Certainly, as the industry moves to more case ready product, the retailer's responsibility to label will phase out as this will be done at the wholesale level, reducing costs again.

Although no one knows the actual costs, we do know:

1) The technology to label is already in place.

2) The technology and ability to segregate carcasses and cuts of meat are in place as is evident from the ability of packers to sort and maintain the identity of not only quality graded carcass (Prime-Choice-Select) but also various branded programs.

3) Imported fed cattle are processed in load lots, just as imported feeder cattle are generally pastured and fed in load units as are most cattle of like origin.

Myth: Mandatory I.D. to the cow-calf producer will be needed to implement COOL.

Fact: Nothing could be further from the truth. COOL legislation clearly states that a mandatory I.D.program cannot be used to implement COOL. There are several labeling models already used by USDA to label products from various regions, and these models are both low cost and effective. Remember the legislation passed was Country of Origin, not Farm or Ranch of Origin. As FSIS reported "there are labeling practices now in use that could serve as full, or partial, models for country of origin labeling…Many of the breed identification and other certification programs require segregation beginning with the live animals. Systems have been put into place by slaughter plants to accommodate such certification programs." It is also important to note the "all natural beef" or "beef raised without hormone implants or antibiotics" do not require sourcing to the ranch. All that is required are affidavits or certificates verifying that producers do not use such products. Certainly, verifying that an animal was born in the United States should be just as simple, if not easier.

Myth: Calves born in the spring (2003) will need to be identified at the point of origin so they will comply with the COOL law at the retail sector in 2004.

Fact: Over 90 percent of U.S. cattle producers do not import or handle imported cattle. Country of Origin can be easily certified by such cattle producers and R-CALF USA will continue to work with USDA to keep the paperwork at a minimum. The concern should not be with farms or ranchers who do not import cattle. The concern should be with those who do or who commingle cattle originating in different countries.

Also, USDA-FSIS, which generally oversees labeling, pointed out there "would need to be time for domestic and imported product either already in the system or in transit to the United States to clear the system…The disruption related to the new country of origin labeling requirement…could be avoided if an adequate phase in period is provided."

Myth: COOL will disrupt trade between the United States and Canada.

Fact: There is no reason to think that COOL will disrupt trade with Canada. COOL has never been a barrier to other products entering the United States. With the case of the North West Pilot Project, where U.S. calves are finished in Canada, a label stating "product of Canada and U.S." should suffice, much like some orange juice products today which are labeled "product of U.S. and Brazil."

Myth: COOL is a protectionist trade barrier.

Fact: Again, most products sold in the United States require country of origin labeling to the point of the consumer. It is difficult to argue that this policy restrained trade imports coming into the United States. Take sewn textiles for example, which require country of origin labels. In 1994 nearly 40 percent of the sewn textiles sold in the United States were made in America, today it's about 8 percent. One could hardly say that requiring the labeling of sewn textiles has been a trade barrier.

Myth: COOL will/won't provide producers with higher prices.

Fact: No one knows for sure. What we do know is:

1) Any benefits will depend on consumers' reactions to country of origin labeling.

2) Consumers identify with labels.

3) Differentiating your product is key to being competitive in a market.

4) Consumers increasingly want additional information about the products they purchase.

5) COOL provides a 'risk protection element' to domestic producers from collapsed markets in the event food born illnesses (such as BSE, e-coli, or listeria) are found in imported product. With COOL, U.S. producers will be able to maintain consumer confidence for U.S. product. Without COOL, it is not possible for consumers to differentiate product.

6) Current check-off sponsored advertisements have been said to increase the demand for beef and the price for cattle. Knowing the value consumers place on labels, the benefits of such check-off campaigns would compound in value once the product is identified with a label, such as "Made in USA."

One thing sure – the degree of benefits of COOL to U.S. cattle producers will depend on the cattle industry's ability to promote its product in a meaningful way.

Thank You to Jim Renyer of Sabetha, Kansas for making a banner bracket for the Kansas Cattlemen's Association!

South Dakota House Passes COOL

February 11, 2003 the South Dakota House Legislature passed this resolution to send to the USDA by a 68-1 vote. South Dakota Stockgrower members visited with the one nay vote who apologized and said he is in favor,but made a mistake when voting. This should be on the South Dakota Senate Floor within the next few weeks.

The South Dakota Stockgrowers would like to get this resolution or a similar one passed by as many states as possible to send a message to the USDA to implement COOL the way that the US Congress intented it to be. All of us worked hard with phone calls, faxes, e-mails, and visiting with our representatives to get COOL passed in the 2002 Farm Bill, lets keep working to get it implemented the way that will benefit the US consumers and producers. If you have any questions or comments call Carrie Longwood, SD Stockgrowers Exc. Director, at 1-605-342-0429 or Rick Fox of Hermosa, South Dakota at 605-255-4614

STATE OF SOUTH DAKOTA
SEVENTY-EIGHTH SESSION ~ LEGISLATIVE ASSEMBLY, 2003
705I0610 HOUSE CONCURRENT RESOLUTION NO. 1007

Introduced by: Representatives Lintz, Fryslie, Garnos, Hanson, Hunhoff, Juhnke, Klaudt, Madsen, Pederson (Gordon), Peterson (Jim), Rhoden, and Teupel and Senators Koskan, Bogue, de Hueck, Duenwald, Duxbury, Ham, Kleven, Kloucek, Symens, and Vitter

A CONCURRENT RESOLUTION, Urging the United States Department of Agriculture to implement country of origin labeling for beef.

WHEREAS, mandatory country of origin labeling for beef allows consumers to make a distinction between beef products derived from animals exclusively born, raised, and slaughtered in the United States and similar imported products. This differentiation will also enable consumers to exercise their option to choose between purchasing domestic or imported products; and

WHEREAS, the United States Department of Agriculture may promulgate rules that will place an undue burden on United States cattle producers and add unnecessary complexity to the logistical process of labeling beef products with their country of origin; and

WHEREAS, because no live animal processed in the United States may be disqualified from the United States label unless it has been imported from another country, the United States Department of Agriculture should design a system that requires all handlers of imported cattle to retain the animal's import documentation throughout the animal's life. Handlers of imported cattle should further be required to disclose and transfer the animal's accompanying import documentation to each buyer; and

WHEREAS, the United States Department of Agriculture should define the lack of import documentation as proof of exclusive domestic origin; and

WHEREAS, under this proposal, no new record keeping system would be necessary to accurately identify cattle eligible for the United States label. In addition, the proposal would require only the retention of existing records kept on imported cattle in order to determine the proper origin of beef derived from imported cattle; and

WHEREAS, the United States Department of Agriculture should consider existing meat segregation models as recommended by Congress to maintain the proper label on all imported cattle and meat processed by United States meat packing plants and distributed to United States retailers; and

WHEREAS, requiring labeling on all meats and livestock that enter this country would eliminate the need for costly and unnecessary records by United States producers to individually identify domestically produced livestock; and

WHEREAS, too many unrealistic and unnecessary regulations could create more of a burden than a benefit for United States livestock producers. Such an action would be detrimental to South Dakota's agricultural industry and to United States consumers who want to purchase United States beef:

NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives of the Seventy- eighth Legislature of the State of South Dakota, the Senate concurring therein, that the South Dakota Legislature urge the United States Department of Agriculture to work to capture both the Congressional spirit and intent of mandatory country of origin labeling through the promulgation of rules that maximize benefits to both United States producers and consumers while minimizing costs to producers, processors, and retailers.

THE HUTCHINSON NEWS

Western Front

Alter the rules on futures trading

From Oct. 16, 2002, through Jan. 13, 2003, the cash price of wheat in Hutchinson dropped a whopping 30 percent from $4.96 to $3.48 per bushel!

Had the stock market dropped 30 percent in 90 days, it would have been on the front page of every publication in the nation, but we haven't heard one single word of concern expressed by any of the entities that pretend to represent farmers' best interest – K-State, Farm Bureau or the Kansas Association of Wheat Growers (who should have had enough of the $244,000 of wheat check-off funds they received in 2000 to put out releases expressing major distress over the 30 percent drop in wheat prices in 90 days) – not one word of concern!

Following are the four price-depressing USDA and one Kansas Agriculture Statistics report providing the excuses used by the speculative commodity funds to cause that crash in wheat prices:

In two trading days following the Jan. 10 "USDA reports wheat supply levels much higher," the price of wheat dropped 28 cents;

Dec. 4, USDA reported "Exports dropped"; the wheat price dropped 10 cents;

Dec. 3, Kansas Agriculture statistics reported "Wheat looks good"; wheat dropped 22 cents;

Nov. 19, USDA reported "Wheat looks good"; the wheat price dropped seven cents;

Nov. 5, USDA reported "Better wheat likely"; the wheat price dropped 79 cents in six trading days following the Nov. 5 report.

Government agencies have no business whatsoever publishing price-depressing reports.

But, if those reports can't be stopped, the way to stop the crashes in our commodity markets is to change futures trading rules requiring that all sellers of futures contracts must be able to deliver the commodity before they sell it.

In other words, you can't sell a futures contract if you can't deliver the commodity!

Also keep in mind that producers have never given their permission allowing their products to be traded and priced on the futures exchanges.

DOUG WILDIN
Hutchinson